

UNITED STATES OF AMERICA  
POSTAL REGULATORY COMMISSION  
WASHINGTON, D.C. 20268-0001

Periodic Reporting  
(Proposal Four)

Docket No. RM2016-12

CHAIRMAN'S INFORMATION REQUEST NO. 3

(Issued September 29, 2016)

To clarify the Postal Service's petition to consider a change in analytical principles, filed August 22, 2016, the Postal Service is requested to provide written responses to the following questions.<sup>1</sup> Answers to each question should be provided as soon as they are developed, but no later than October 5, 2016.

1. Please refer to the Petition at 3-4 and the Bradley Report at 13-35. Please confirm that for each transportation account type/category (*i.e.*, INTRA P&DC, INTRA DISTRICT, etc.) the variability analyses accounts for differences in transported mail volume across multiple stops within the routes.
  - a. If confirmed, please indicate the percentage of routes where the volume of transported mail:
    - i. declines steadily over the course of the route,
    - ii. increases steadily over the course of the route,

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<sup>1</sup> Petition of the United States Postal Service for the Initiation of a Proceeding to Consider Proposed Changes in Analytical Principles (Proposal Four), August 22, 2016 (Petition). The following were filed on August 22, 2016, in support of the Petition: USPS-RM2016-12/1, Public Material Relating to Proposal Four; USPS-RM2016-12/NP1, Nonpublic Material Relating to Proposal Four; and "Research on Estimating the Variability of Purchased Highway Transportation Capacity with Respect to Volume," by Michael D. Bradley, Department of Economics George Washington University (Bradley Report).

- iii. decreases on a part of the route and increases on another part of the route, or
    - iv. follows patterns that are different from those described in i-iii above.
  - b. If not confirmed, please describe:
    - i. obstacles that prevent incorporating such changes in mail volumes into the analysis, and
    - ii. why accounting for such changes is not relevant.
- 2. The Bradley Report at 15 provides a table with average values by contract type and year from TRACS data.
  - a. Please explain how differences in the highway transportation contracts were incorporated into the variability analysis.
  - b. Considering a typical highway transportation contract, please indicate:
    - i. the typical duration of the contract,
    - ii. whether the contract, a priori, sets the routes and stops on the routes,
    - iii. whether the contract specifies the capacity of the vehicle to be used on each route, and
    - iv. whether any changes to the parameters of the contract are permitted and why (including but not limited to those described in i-iii above).
- 3. Please confirm that to determine capacity to be provided on a specific route, the Postal Service accounts for variations in volumes of transported mail by day of the week, by season, and/or for random fluctuations in volumes due to other factors.

- a. If confirmed, please:
    - i. explain how such variations in mail volumes affect the capacity of trucks provided for transporting mail on a specific route (or by transportation type), and
    - ii. describe all factors taken into account.
  - b. If not confirmed, please explain why the Postal Service does not account for variations in the transported mail volumes when it determines the required capacity.
4. Please confirm that the Postal Service arranges for purchased highway transportation on a short-term or emergency basis.
- a. If confirmed, please indicate:
    - i. whether such contracts were incorporated into the variability analysis performed in the current docket (if not, please explain why not),
    - ii. whether such contracts were incorporated into the variability analysis performed in Docket No. RM2014-6, Proposal Six (if not, please explain why not),
    - iii. the frequency and typical duration of such contracts, and
    - iv. the circumstances under which these contracts occur.
  - b. If not confirmed, please explain why not.
5. Please confirm that trucks transporting mail under purchased transportation contracts with the Postal Service do not simultaneously transport any other goods for customers. If not confirmed, please indicate:
- a. the percentage of contracts that transport goods and mail at the same time, and

- b. any changes in the percentage/existence of such contracts over the 6-year period covered by the variability analysis in the Bradley Report.

By the Acting Chairman.

Robert G. Taub